

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
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FISCAL IMPACT STATEMENT

LS 6910
BILL NUMBER: HB 1316

DATE PREPARED: Dec 30, 1998
BILL AMENDED:

SUBJECT: Volunteer firefighter tax deduction.

FISCAL ANALYST: Diane Powers
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FUNDS AFFECTED: ☒ **GENERAL**
DEDICATED
FEDERAL

IMPACT: State & Local

STATE IMPACT	FY 1999	FY 2000	FY 2001
State Revenues			(1,496,000)
State Expenditures			
Net Increase (Decrease)			(1,496,000)

Summary of Legislation: This bill entitles active volunteer firefighters to an adjusted gross income tax deduction of \$2,000. The deduction applies to taxable years beginning after December 31, 1999.

Effective Date: January 1, 2000.

Explanation of State Expenditures: The Department of Revenue will have some additional administrative expenses to accommodate this new deduction in order to change tax forms, instructions and computer programs. These expenses would be covered under their existing budget.

Explanation of State Revenues: This bill provides a \$2,000 individual income tax deduction for taxpayers who are active volunteer firefighters. This would effectively reduce their income tax liability by \$68 per qualifying individual. It is estimated that there are approximately 22,000 active volunteer firefighters in the state. The deduction is applicable for tax years beginning January 1, 2000 and therefore could reduce individual income tax revenue by \$1.5 M in FY 2001 and years after. Individual income tax revenue is deposited in the General Fund.

Explanation of Local Expenditures:

Explanation of Local Revenues: Counties with a local option income tax will experience a minimal loss of local option income tax revenue due to this new deduction.

State Agencies Affected: Department of Revenue.

Local Agencies Affected: Counties with a local option income tax.

Information Sources: John Shanks, Indiana Volunteer Fireman's Association.